
Judiciary Committee

SSB 5611

Title: An act relating to the interest rate on legal financial obligations.

Brief Description: Changing the interest rate on legal financial obligations.

Sponsors: Senate Committee on Judiciary (originally sponsored by Senators Esser, Kline, Regala, Hewitt, Fairley, McCaslin, Zarelli, Weinstein, Stevens, Johnson, Brandland, Hargrove and Franklin).

Brief Summary of Substitute Bill

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| <ul style="list-style-type: none">• Changes the interest rate applicable to financial obligations imposed in a criminal judgment to 2 percentage points above the 26-week treasury bill rate. |
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Hearing Date: 2/22/06

Staff: Edie Adams (786-7180).

Background:

When a defendant is convicted of a crime, the court may impose financial obligations as part of the judgment and sentence. Financial obligations that may be imposed on a defendant include: victim restitution; crime victims' compensation fees; court costs; court-appointed attorneys' fees and costs of defense; fines; and other costs associated with the offense or sentence.

Judgments for financial obligations in criminal proceedings bear interest from the date of judgment at the same rate that is applicable to non-tort civil judgments. The rate of interest generally applicable to non-tort civil judgments is the greater of 12 percent or four points above the 26-week treasury bill rate. As a result of low treasury bill rates, 12 percent has been the applicable interest rate on criminal financial obligation judgments for at least the last decade.

In 2004, the Legislature established a new method of calculating the interest rate applicable to tort judgments; previously the rate was the same as the general civil judgment rate. The interest rate now established for tort judgments is two percentage points above the 26-week treasury bill rate.

Interest that accrues on the restitution portion of a criminal financial obligation is paid to the victim of the offense. All other interest accruing on the judgment is split between the state and the county as follows:

- 25 percent to the state for the public safety and education account;
- 25 percent to the state for the judicial information system account; and

- 50 percent to the county current expense fund, 25 percent of which must be used to fund local courts.

The public safety and education account is used to fund a variety of programs, including criminal justice training, crime victim's compensation, indigent representation, the judicial information system, and highway and traffic safety. The judicial information system account is used to acquire the equipment, software, supplies, and services necessary to provide information systems for the judiciary and information systems access to non-court users. The county current expense fund is the general county fund used to fund county expenses.

Summary of Bill:

The interest rate applicable to financial obligations imposed in a criminal judgment is changed to two percentage points above the 26-week treasury bill rate for the December preceding the date of entry of the judgment. The interest rate is readjusted annually on January 1 of each year and the readjusted rate applies to the accrual of interest during that year.

This new method of calculating interest on criminal financial obligations applies to judgments entered on or after the effective date of the act and to the accrual of interest on existing judgments from the effective date of the act. Interest that has accrued on a judgment prior to the effective date of the Act is not affected by the change in the interest rate.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.